



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

William Lawler, Esq
Vinson & Elkins, LLP
1455 Pennsylvania Avenue, NW, Suite 600
Washington, DC 20004

MAY 17 2007

RE MUR 5504
Christina Ligotti

Dear Mr Lawler

On August 10, 2004, the Federal Election Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") A copy of the complaint was forwarded to your client at that time

Upon further review of the allegations contained in the complaint and information supplied by your client, the Commission, on May 11, 2007 found that there is reason to believe your client violated 2 U S C § 441f, a provision of the Act The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter Where appropriate, statements should be submitted under oath In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing See 11 C F R § 111.18(d) Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent

Requests for extensions of time will not be routinely granted Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days

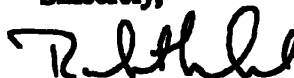
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This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Delbert K. Rigsby, the attorney assigned to this matter, at (202) 694-1650

Sincerely,



Robert D. Lenhard
Chairman

Enclosures
Factual and Legal Analysis
Procedures

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

Respondent: Christina Ligotti

MUR: 5504

I INTRODUCTION

The complaint in this matter alleged that Christina Ligotti was reimbursed for her contribution to Gephardt for President ("Gephardt Committee") For the reasons set forth below, the Commission finds reason to believe that Christina Ligotti knowingly permitted her name to be used to effect a contribution from Karoly Law Offices, P C ("Karoly Law Offices") in violation of 2 U S C § 441f

II. FACTUAL AND LEGAL ANALYSIS

According to complainant, a former employee of Karoly Law Offices, the Gephardt Committee faxed a notice to John Karoly, Jr in September 2003 regarding his pledge to raise an additional \$15,000 for the Gephardt Committee Complainant alleges that it was his understanding that, on a day when the complainant was not in the office, John Karoly, Jr , the managing partner of Karoly Law Offices, "instructed" certain employees, including Christina Ligotti, to contribute to the Gephardt Committee, and that Christina Ligotti was reimbursed for her contribution Without saying how, complainant states "I am fully aware that the money was reimbursed from company funds by the Secretary, Jayann Brantley, who was instructed by Mr. Karoly to reimburse the campaign money " FEC disclosure records indicate that the Gephardt Committee received a \$1,500 contribution from Christina Ligotti and a \$1,500 contribution from her husband, Matthew Ligotti, on September 30, 2003

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In response to the complaint, Christina Ligotti submitted an affidavit stating "My contribution to the Richard Gephardt campaign was not based upon any reimbursement and I received no reimbursement for same." Based upon information in our possession, however, we have learned that an individual employed by Karoly Law Offices in 2003 admitted to being reimbursed by John Karoly for contributions to the Gephardt Committee. John Karoly offered to give money to the employee to make a contribution to the Gephardt Committee. Thereafter, the employee wrote a check for \$4,000 dated September 28, 2003 to the Gephardt Committee. Subsequently, the employee stated that John Karoly requested Jayann Brantley, who handled financial matters at the firm, to bring him cash. After Ms. Brantley brought cash to Mr. Karoly, John Karoly reimbursed the employee for contributions of \$4,000 to the Gephardt Committee, which the employee deposited into his personal bank account on October 7, 2003. Additionally, on October 7, 2003, Karoly Law Offices issued a check for \$12,000 drawn on its special trust account, endorsed by Christina Ligotti, and the law firm most likely reimbursed the employee from the proceeds of this check. The information in the possession of the Commission also includes the aforementioned employee's admission that the affidavit he submitted in response to the complaint—which is identical to the one submitted by Christina Ligotti—was wrong.

Likewise, on September 28, 2003, Christina Ligotti wrote a check for \$3,000 to the Gephardt Committee for contributions from herself and her husband, Matthew Ligotti, of \$1,500 each. This is the only contribution the Ligottis have ever made to a federal election. On October 6, 2003, Karoly Law Offices issued a check to Matthew Ligotti for \$3,000. The memo line of the check states "Hirke Bonus."¹ However, the law firm's payroll records do not list Matthew

¹ The Hirke case was a major litigation matter in which Karoly Law Offices served as plaintiff's counsel.

Ligotti as an employee of the law firm during this time² Based on the check's amount and timing, it appears that it may represent reimbursement by the Karoly Law Offices for the Ligottis' \$3,000 contribution On October 7, 2003, the same day a law firm employee made a \$4,000 cash deposit representing the reimbursement received from John Karoly, the Ligottis deposited \$3,073 65 into their bank account, which included the \$3,000 check made out to Matthew Ligotti the previous day The Federal Election Campaign Act of 1971, as amended, prohibits persons from knowingly permitting their names to be used to effect contributions made in the name of another person See 2 U S C § 441f The evidence described above indicates that Christina Ligotti was reimbursed for her contribution to the Gephardt campaign, and thus knowingly permitted her name to be used to effect a contribution in the name of another person

Therefore, there is reason to believe that Christina Ligotti violated 2 U S C § 441f

² **The Ligottis' bank statements during this period show a bi-weekly entry noted as "Direct Deposit - Payroll Arbome Express," indicating that Mr Ligotti may have been an employee of Arbome Express**

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